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[Vide foot-note on page 11.]

(English translation of the Budget Speech of Hon. Chief Minister.)

Speech of Thiru M. Karunanidhi, Chief Minister of Tamil Nadu, presenting the Budget for 1971-72 to the Legislative Assembly on 19th June 1971.

Mr. Speaker, Sir,

I rise to present the Revised Budget Estimates for 1971-72 as also the Accounts, 1969-70 and the Revised Estimates, 1970-71.

2. As the House is aware, the Interim Budget Estimates for the year 1971-72 were presented in the month of March 1971. We took a "Vote on Account" in order to defray the continuing expenditure of the Various Government departments. The present Revised Budget reflects in full the progressive decisions that we have taken in regard to the implementation of our development programmes including new schemes.

3. The people of Tamil Nadu who have showered on us their affection, have also given a clear mandate to build an egalitarian socialist society based on modern science and technology. The obstacles in the way of establishment of a State Government based on our socialist goals may be many. But, our faith in the people's strength is more than a match to the problems that face us. I wish to offer in this prelude to the Budget speech a testament of our conviction that we shall march forward in this socialist endeavour, be the obstacles what they may.

4. It would be evident to any unprejudiced observer who carefully goes through this document, that in formulating these proposals, I have been true to the faith reposed in this Government by the people of this State, who expect that this Government will do its best to establish a socialist welfare State. Even in the midst of our enthusiasm which takes wings as it were for economic change to build a new the economic structure of our society, we should match it with an equal fervour to bring about social change and uplift the large majority of our brethren who exist in the lowest depths of society. If socialism is to be meaningful, it should comprehend within its fold, Programmes for the social amelioration of the poor and the downtrodden, whose existence has become hollow, ephemeral and meaningless. If the light of hope is to come into the lives of those condemned to deprivation and if a new world is to openout before them, economic change should go hand in hand with social emancipation, the evolution of a more equal and casteless society, the elimination of domination by forces that exploit people's ignorance, superstition and blind beliefs—it is to this end that we have to forge schemes that will remove the pall of suffering that lies over society.

5. We believe that socialism can be brought about in this country, only on the basis of an adequate decentralisation of powers. Otherwise, concentration of powers and bureaucratic centralism will erode the content of socialism. The movement of the centre of power from the hands of a few capitalists in Tamil Nadu to a few Government servants either at New Delhi or at Bombay, as had happened in the case of nationalisation of banks or general insurance, will not ensure the complete fulfilment of

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the socialist goals before us. It is indeed unfortunate that the Central Government is yet to come forward to associate the State Governments in the management and day-to-day administration of these institutions.

6. Democratic Socialism, involves by definition a widespread dispersal of power. I would, therefore, urge that the recent report of the Rajamannar Committee on Centre-State relationship should not be construed, in any way, as an attempt by a regional party to broaden its power-base. It should be viewed more as a part of the theme of socialism that the organs of people's power should be vested with necessary resources and authority. In our view, the surest way to ensure the implementation of socialist ideals in a large country like India, whose constituent States are politically and geographically distinctive is to endow the States with greater autonomy. If therefore we reiterate our plea for greater powers for the States, it is only because of our earnest desire that a strong Centre should emerge, underpinned by prosperous and powerful States.

7. We are fortunate that there exists to-day in the State, a Government which unfailingly raises its voice for the cause of the people and at the Centre, a Government which sympathetically offers us a hand of friendship. If, even under these favourable circumstances, a number of our legitimate demands are ignored, how much worse would it be if the State Government is reluctant and afraid and the Centre arrogant and unsympathetic. In such a position, the voice of the people will indeed be a voice in the wilderness. This is why I wish that the system itself should be so changed as to make it independent of a favourable configuration of political philosophy. I would urge that the Central Government should not hesitate to give earnest consideration to our demand for regional autonomy based on an adequate decentralisation of Powers to the States. Many political parties in the country have responded favourably to the report of the Rajamannar Committee. There are, even in parties which have opposed their conclusions, the enlightened few who have clearly and cogently lent their support to the basic recommendations. The reactions of a few Chief Ministers to the Rajamannar Report have lent considerable strength to our basic stand. I hope that in the light of all this, the Central Government will give up its rigid posture on the issue of powers for the States and recognise that the States and the Centre should march forward as comrades in the path to socialism and that the Centre itself will derive more strength by cutting down the points of its detailed intervention in State administration. Let us move forward to build a new, strong and prosperous India on the basis of such a progressive partnership between the States and the Centre.

8. With more powers and resources, we can do much more for the development of our State. Given however the constraints, we have made the little we have, go as far as possible. I shall, therefore, proceed to detail the manner in which, like a prudent housewife, we have distributed our limited resources for the welfare of the State.

9. This Government has taken various steps to usher in the "green revolution" in the field of agricultural production. Expansion of credit, extension of irrigation facilities, increasing inputs such as fertilisers and enhancement of outlays on agriculture have acted as incentives for the new agriculture. The total outlay on agriculture has increased from Rs. 13.4 crores in 1967-68 to Rs. 18.84 crores in 1971-72,

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10. High-yielding varieties have covered an area of 49.11 lakh acres in 1970-71 and it is expected that 59 lakh acres will be covered in 1971-72. Besides, in view of the shortage of pulses and their impact on prices, a crash programme has been implemented during 1970-71 to introduce pulses over an area of 5.35 lakh acres. It is proposed to increase the coverage under this programme to 23.38 lakh acres in 1971-72. The extensive coverage under this programme is bound to minimise our dependence on other States for pulses and thus keep prices under control.

11. It is proposed to bring 13 lakh acres in the State under multiple cropping during this year. Besides, fertilisers of all varieties will be distributed to meet the farmers' needs to implement the new programmes. In view of the importance of agricultural education and research, as a preliminary step for introducing modern techniques on agriculture, we have started, as earlier announced, an Agricultural University at Coimbatore, with effect from this month. I am aware that the farmers of this State have taken a great deal of enthusiastic interest in this. An Adaptive Research Centre in the Anna Pannai, Kudumiamalai has also started functioning with effect from the current year.

12. In the co-operative sector, short-term and medium term lending has been stepped up from Rs. 37.26 crores in 1967-68 to Rs. 44.43 crores in 1970-71 and we expect to extend credit of Rs. 61.5 crores in 1971-72. 117 new land development banks have been established. Through the land development banks, old and new, we expect to extend credit to the extent of Rs. 21 crores in 1971-72, as against Rs. 14.67 crores in 1968-69 and Rs. 3 crores in 1966-67. Over and above this, Government themselves directly provide a sum of Rs. 6.25 crores as loans for fertilisers.

13. I am happy to announce that the project prepared by us for extension of agricultural credit for digging of wells, sinking tube-wells and filter-points and purchase of tractors, which we had posed before the Agricultural Refinance Corporation and the World Bank, has been approved by the International Development Association, an agency of the World Bank. Officers of the State Government and the Chairman of the State Land Development Bank participated in the negotiations held at Washington in April-May 1971. These negotiations have been concluded successfully and we expect a total additional credit of roughly Rs. 40 crores as a result. In view of this agreement, the Land Development Banks and the commercial banks would come forward to give loans for sinking of 10,000 wells, 7,000 filter-point wells, 4,500 tube-wells and purchase of 1,500 tractors.

14. During the last year, as a result of this Government's success in securing central assistance, we have been able to set up Small Farmers Development Agencies costing Rs. 1.6 crores each per district in South Arcot, Madurai and Tirunelveli. Similarly in order to cater to marginal farmers, a scheme has been taken up at rupees one crore per district in North Arcot and Salem.

15. Further, the Revised Budget includes new schemes at a cost of Rs. 1.07 crores for implementation in the agricultural sector. The budget also provides for the setting up of seed processing units at Polur and Kallakurichi, establishment of a Regional Research Station at Dharmapuri and strengthening of soil testing laboratories at Coimbatore, Madurai, Kancheepuram, Kovilpatti and Gudiyatham.

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16. In recognition of the importance of irrigation, we have undertaken a series of new projects. The Budget for 1971-72 provides Rs. 235 lakhs for the following new schemes :—

- (1) Chinnar.
- (2) Parapalar.
- (3) Palar-Poranthalar.
- (4) Thandarai.
- (5) Nandan Channel.
- (6) Karuppanathi.
- (7) Ponannaiar.
- (8) Pilavukal.
- (9) Paraliar.

Besides these, the Parambikulam-Aliyar Project, Gatana, Chittar-Pattanamkal and the scheme of modernisation of Vaigai continue to make good progress. A total sum of Rs. 608 lakhs has been set apart for major and medium irrigation schemes. I may also mention that special minor irrigation programmes have been allocated a provision of Rs.252 lakhs for the completion of 735 works. We propose to undertake a phased programme of modernisation of all our irrigation projects, so that the available water can be used better. As a step in this direction, we have undertaken works relating to the remodelling of the Taambaraparani system. Likewise, a comprehensive project report for modernising the irrigation channels in Thanjavur delta had already been prepared. It is unfortunate that though this report has been received favourably by the World Bank, it is still awaiting clearance from the Central Government.

17. We owe thanks to our enterprising farmers for their enthusiastic response to our appeal for increased production. As a result of the efforts that farmers and farm-labourers have put in and the resources that the Government has invested, the State has today passed from a stage of dependence on external sources of supply to a situation of surplus in 1970-71. The production of foodgrains has reached a high figure of 70-30 lakh tonnes in 1970-71 as against 57-72 lakh tonnes in 1967-68. Our target for the current year is 73 lakh tonnes.

18. It is sometimes argued that this has been rather because Nature has been kind to this Government. In actual fact, the rainfall statistics of the last years would show that Nature has perhaps discriminated against us rather than been in favour of us. The average rainfall during the years 1937-68, 1968-69, and 1969-70 was nearly 892.5 millimetres as against a normal rainfall of 945.7 millimetres and an average of 917.6 millimetres in the previous four years. Even during 1970-71 the rainfall remained below normal. The level of achievement by the cultivators in the field of food production should therefore be measured against the background of this unfavourable trend in rainfall. What I wish to impress on the House is that inspite of Nature being unfavourable to us, we have been able to reach a high level of food production. It is because of this that this Government has been keenly aware of the difficulties of the primary producers and hastens to extend from time to time the necessary concessions to overcome them.

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19. This Government is anxious that the masses of the people in rural areas should also derive, within a reasonable period of time, the facilities and benefits that are now available only to the urban population. As the House is aware, this Government has spared, and will spare, no effort to ensure that all villages are electrified in the near future. Of the 57,678 villages and hamlets in our State, 25,129 villages and hamlets had been electrified to the end of 1966-67. Between 1967-68 and 1970-71, 17,100 more villages and hamlets have been covered under the programme. In 1971-72, it is programmed to cover 9,000 more villages. Up to the end of 1970-71, 5.3 lakh pumpsets have been energised. In 1971-72, it is proposed to extend power connections to 60,000 more pumpsets. We have been faced with serious problems in regard to availability of funds and raw materials for rural electrification. Due to the low agricultural tariff which we levy, the return from this programme is rather low and financing institutions do not come forward to assist our programmes. In spite of these difficulties, we have continued to maintain the tempo of rural electrification and hope that all the villages in the following districts will be electrified by the end of this year :

1. South Arcot.
2. Madurai.
3. Tirunelveli.
4. Kanyakumari.
5. Nilgiris.
6. North Arcot and
7. Coimbatore.

Taking into account Madras and Chingleput, the two districts that have already been fully electrified, by the end of this year we would have completed electrification of nine districts out of the fourteen districts in our State.

20. Government has taken a series of policy decisions to encourage the wide dispersal of industries and thus promote the development of industrially backward areas. A scheme has been formulated by the Government of India for extending concessions through financial institutions for industrial units established in backward areas. Thanks to this Government's persistence, the eight districts of South Arcot, North Arcot, Ramanathapuram, Tiruchirappalli, Thanjavur, Madurai, Dharmapuri and Kanyakumari have been declared as industrially backward under this scheme and industrialists setting up industries in these districts will now be eligible for concessional finance from financial institutions. Besides, an outright grant from the Government of India of 1/10th of the fixed capital assets of new industrial units will be available in the taluks of Ramanathapuram, Muthukulathur, Sivaganga, Paramakudi, Tiruvadanai, Tiruppathur, Melur, Alangudi, Kulathur and Tirumayam. Industrialists setting up units therein are eligible for the outright grant of 10 per cent on new industrial units having a fixed capital investment of not more than Rs. 50 lakhs. Besides, we have announced 40 taluks as backward for the purpose of concession in respect of power tariff. The Electricity Board will offer connections at concessional rates to new industries set up in these areas. The State Government will bear the loss thereon.

21. Government has also set up a Small Scale Industrial Development Corporation with a view to assisting small-scale enterprises in different parts of the State. This Corporation would lend finance as well as

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provide raw materials to small-scale industrialists. It is organising raw material depots for holding stocks of scarce raw materials to the value of nearly one crore of rupees at a time. Simultaneously, the total amount advanced to small-scale industries in the State by commercial banks has gone up from Rs. 26.21 crores at the end of June 1968 to Rs. 49.45 crores at the end of March 1970. We have also activated the Tamil Nadu Industrial Investment Corporation which will finance small-scale industries to the extent of 75 per cent of their capital needs. The total number of small-scale industrial units in the State has gone up from 13,571 in 1967-68 to 22,899 in 1970-71. We will spare no efforts to continue to give incentives for the establishment of more small-scale units in the State.

22. Yet another development of long term impact is the establishment of State Industrial Promotional Corporation of Tamil Nadu (SIPCOT) which will finance the larger industries. This Corporation has been set up with an authorised capital of Rs. 5 crores.

23. Turning to large scale units, we may take legitimate credit for the fact that Government of India has cleared naptha as the feedstock for the Rs. 62 crores joint sector fertilizer project at Tuticorin. Besides this, an investment of Rs. 20 crores by Government of India is expected for the setting up of a heavy water plant, as an adjunct to the fertilizer plant. The resources for this plant will be found by the Atomic Energy Commission. I may add for the information of the House that the Tuticorin fertilizer plant will be one of the largest in Asia in terms of its capacity, which will be 1,100 tonnes of Ammonia and 1,600 tonnes of Urea per day. Work has already started on this joint sector project.

24. While I commend the heartwarming enthusiasm of the Union Minister for Steel in taking steps to expedite the Salem Steel Project, I would like to take this opportunity to impress on the Centre the fact that the final decision on the product-mix of the Plant has already been delayed. I would urge that there be no further delay and that the long delayed works may be commenced with the utmost expedition.

25. I would like to inform the House that the Tamil Nadu Industrial Development Corporation has secured letters of indent for the manufacture of cigarettes, Sodium Hydrosulphite, Automobile tyre and tube products, B.C.T. powder and Soda Ash and Ammonium Chloride. These units will be in the joint sector. Besides, in the joint sector, Southern Agrifurane would set up an industrial unit at Cuddalore with an investment of Rs. 4 crores for the manufacture of lysine and furfural. The House would also be aware that a number of important industries in the private sector are also coming up. For example, the Delhi Cloth and General Mills, Limited, has been granted a licence for setting up a factory near Manali at a cost of Rs. 8.5 crores to produce Nylon Cord. Kamani Brothers are about to commence work on their Rs. 2 crore project for the manufacture of Carbon Block at Manali. The Indian Organic Chemicals have already begun work on their project for the manufacture of polyster fibre at Manali.

26. The House is aware that Government is continuing to press with the Centre for the issue of letters of intent for establishment of a Rs. 80 crore Petro-Chemical Plant together with units to manufacture the down-stream products like polythene, plastics and polysters. We

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have also applied to the Government of India for the manufacture of items like Nylon Filament Yarn, Atomised aluminium powder and paste, Borax and Boric Acid. I would like to reiterate that the delays that are incidental to the centralisation of the issue of industrial licences and the restriction of the powers of the State Government in the sphere of industrial policy deserve special attention. If, and only if, these stumbling blocks are removed, can Tamil Nadu move forward rapidly to become one of the industrially advanced States.

27. Government recognises the indispensability of a net work of roads as a necessary infrastructure for greater industrial and agricultural development. A number of road development plans have therefore been drawn up for implementation. The outlay on maintenance of roads has been stepped up from Rs. 565 lakhs in 1967-68 to Rs. 686 lakhs in 1971-72. Besides this, new schemes costing Rs. 100 lakhs will be taken up in 1971-72. A sum of Rs. 110 lakhs is also being set apart for grants to Panchayat Unions for implementing new road works programme. Over and above this, Government has obtained substantial allocations from the Government of India from the Central Road Fund and allocations for the National Highways. The total expenditure expected to be incurred on these items during 1971-72 is roughly Rs. 619 lakhs. A major work under the National Highways programme is the construction of the Pamban bridge at a total estimated cost of Rs. 630 lakhs. The clearance of Government of India for the commencement of this work during the current year is awaited.

28. Education is perhaps the most potent instrument for the removal of social and economic inequalities. Education alone can help break the bonds of blind superstition and emancipate people from the thralldom of tradition and thus bring home to them the light of knowledge. In view of this importance, education has been accorded high priority and the outlay on Education has been stepped up from Rs. 53.56 crores in 1967-68 to Rs. 81.84 crores in 1971-72. The budget provides, in particular, for the appointment of 6,500 additional teachers at an annual cost of Rs. 1.47 crores. Besides this, the apprentice teachers programme covering 6,500 teachers would also continue to be in operation. Under various budget heads, a total provision of Rs. 1.22 crores has been made for construction of buildings for elementary schools. A comprehensive programme has been drawn up for construction of buildings for all elementary schools in this State within the next five years.

29. The House is aware of the report of the Lakshmanaswamy Mudaliar Committee regarding the medium of instruction. While Government has initiated action in line with this report, Government has also decided to give pupils who opt to study in the Tamil medium, an annual grant of Rs. 50 per head for a Pre-University Course student for purchase of books and Rs. 180 per head for students in degree courses towards college fees.

30. Medical facilities in the State are being continuously improved. Notwithstanding the constraint on resources, we have stepped up the outlay on medical and public health schemes from Rs. 17.89 crores in 1967-68 to Rs. 33.20 crores in the current budget. The House will be aware that a sum of Rs. 75 lakhs has already been set apart from the Welfare Fund for a building scheme for rural and urban hospitals. New schemes included in the budget cover buildings for the hospitals at Ramanathapuram, Tuticorin, Arumana, Panruti, Keelanilai, Karup-pambalam, Pannaikadu, Arkonam and Hosur. Other schemes include

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the opening of ophthalmic departments at Madurai and Dindigul, a Chest clinic at Erode, two special dispensaries for N.G.G.Os' at Ootacamund and Nagercoil. Besides this, additional accommodation is to be provided in Tiruchirappalli, Kancheepuram, Vellore, Salem, Nagercoil, Ulundurpet and Tenkasi and the T.B. Sanatorium at Thoppur. 205 additional nurses are also to be appointed on the basis of approved yardsticks. The programme of opening primary health centres in all the development blocks in the State would be completed during 1971-72. The budget also provides for construction of buildings for 75 more primary health centres during the current year. The estimates include provision of Rs. 76.12 lakhs for improvements to various medical colleges. In order to alleviate the problem of unemployment amongst medical graduates, we have decided to create 50 additional posts of Assistant Surgeon in non-teaching Government hospitals. Besides, as a pilot project, Government proposes to introduce a scheme for assistantship granting a stipend of Rs. 250 per mensem for 100 medical graduates. Regular vacancies in future in various hospitals would be filled up from among these trainees. This scheme stands out as a token of this Government's keenness in solving the problems of the medical graduates.

31. Protected water-supply is an essential prerequisite for the health of citizens in the thousands of villages scattered all over the State no less than in urban areas. We have therefore established an autonomous Water and Drainage Board to implement a massive programme of expansion of drinking water-supply. The expenditure on water-supply schemes other than in Madras City stood at Rs. 127 lakhs in the year 1967-68. In 1971-72, this expenditure will be stepped up to Rs. 745 lakhs. The amount set apart for the Veeranam scheme for supply of water to Madras City is Rs. 772 lakhs in 1971-72.

32. During the last three years we have spent a sum of Rs. 438 lakhs on rural water-supply. The amount of Rs. 560 lakhs spent on water-supply schemes during the drought period in 1969-70 would have to be taken into account separately. During this year, a sum of Rs. 164 lakhs would be spent on rural water-supply schemes. A comprehensive scheme will be drawn up for extending piped water-supply for all Panchayat Unions. It is appropriate to mention here that a special scheme at a cost of Rs. 271 lakhs has been drawn up for sinking 8,850 tube-wells over a period of five years in scarcity stricken and cholera infested villages with the assistance of UNICEF. During the current year a provision of Rs. 55 lakhs has been made for sinking 1,770 tube-wells in villages for providing protected drinking water-supply.

33. This Government has been reputed from the very beginning to be a Government dedicated to the welfare of workers. In keeping with this tradition this Government has set up a Labour Welfare Fund to look after the welfare amenities of the labourers of this State. Government has contributed a sum of Rs. 5 lakhs to this Fund. The Employees State Insurance Scheme continues to be implemented efficiently by this State. The State Government is bearing an additional expenditure of Rs. 112 lakhs over and above its due share in the cost of Employees State Insurance. In spite of the fact that we are not receiving proportionate assistance from the Government of India for this scheme, this Government continues to spend adequate amounts under the scheme keeping in view of the welfare of workers. The scheme now covers 15 lakhs of beneficiaries. Full medical benefits including hospitalisation have been provided in Madras City, Coimbatore, Madurai and Kovilpatti.

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34. Government's labour policy continues to be one of facilitating settlement of labour disputes. Our attitude to labour disputes has always been one of sympathy to labour while at the same time taking care to ensure that production is not disrupted and management's legitimate interests are protected. Keeping in view the need for industrial harmony this Government has taken care to bring home to both labour and management that rights and duties are interdependent. Those who demand their rights deserve to be reminded of their duties and those who do their job deserve their rights.

35. The outlay on Harijan Welfare in 1961-62 was Rs. 267 lakhs. In the Budget now before the House an amount of nearly Rs. 700 lakhs has been set apart for this. This has been done notwithstanding the withdrawal of Central assistance for most of the programmes of welfare of the Harijans. We have recently decided to increase the percentage of reservation for Harijans in educational institutions and for employment opportunities from 16 to 18. Government has decided to implement a special coaching programme for the students of the Scheduled Castes and Scheduled Tribes studying in IX to XI Standards. Besides, a scheme for granting loans to students belonging to Scheduled Castes and Scheduled Tribes pursuing professional courses such as medicine engineering, veterinary science and agriculture has also been taken up, for implementation in 1971-72. In addition to the usual programme for running Government hostels, a sum of Rs. 3 lakhs has been provided for opening of new Government hostels. The rates of food charges for Scheduled Castes/Tribes boarders have been increased from Rs. 60 in Madras City and Rs. 50 in mofussil to Rs. 70 and Rs. 55 respectively. The House is also aware of the institution of the Gandhi Memorial Scholarship available for 10 months in each year to two Harijan students in each district who have obtained the highest marks in the Pre-University Course Examination. Another decision which has been incorporated in the Budget is the removal of the existing restrictions on the number of scholarships to be granted for post-graduate study for Scheduled Castes and Scheduled Tribes students. Committees are being organised at the State, district and taluk levels to prevent offences against the laws relating to the removal of untouchability. This Government is also undertaking measures to meet out severe punishments to such offenders.

36. Government is anxious to implement the various recommendations of the Backward Classes Commission to the extent our resources permit. The allocation to this department has been stepped up from Rs. 97 lakhs in 1961-62 to Rs. 442 lakhs in 1971-72. The increase in outlay during the financial year 1967-68 and 1971-72 has been of the order of Rs. 280 lakhs. Fifty Government hostels will be started in 1971-72 for Backward Classes students. Two sets of uniforms per annum will also be distributed free of cost for all the residents of Government Backward Classes hostels. Similarly, the rates for food charges of Backward Classes students residing in the Government hostels have also been enhanced. With effect from the financial year, 1971-72, the boarding and lodging scholarships for Backward Classes students has been raised in Madras City from Rs. 40 to Rs. 60 and from Rs. 35 to Rs. 50 in other places. Implements will be distributed free of cost to dhobies and barbers at the rate of 100 per district. About 1,000 persons will be benefited under this scheme every year. Besides, we have recently decided to increase the percentage of reservation for Backward classes in educational institutions and for employment opportunities from 25 to 31.

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37. True to the spirit of our faith that we see God in the smile of the poor, we have created the statutory Slum Clearance Board. The outlay on Slum Clearance schemes which was Rs. 75 lakhs in 1969-70 has been raised to Rs. 3 crores in 1971-72. Government is taking steps to increase this outlay to nearly Rs. 4 crores during the year. During this year, 10,000 slum tenements would be built. Whereas from the time of independence upto 1967 only 4,155 such tenements had been constructed, in the four year period, 1967-71, 7,722 tenements were constructed. Besides, 2,300 fire proof tenements were also constructed. Viewed against this background, the special efforts taken by this Government to bring light and cheer to the life of the slum dwellers would appear in bold relief. We have also decided to draw up a programme of priority for the slums for which attention should be given in the first instance.

38. Government continues to take keen interest in the assignment of house-sites for the poor people in the towns and villages. From June 1969 to March 1970, 93,472 house-sites had been assigned. From April 1970 to January 1971, 1,36,000 house sites had been assigned. Thus roughly 2,30,000 house-sites have so far been given to the landless poor.

39. To dispel the poverty of the millions of agricultural labourers in Tamil Nadu, this Government continues to take keen interest in implementing land reform laws and in evolving new legislation. The House may recall the enactment relating to the fixation of wages for the Thanjavur agricultural labourers. It is our bounden duty to provide house-sites for these poor labourers. Government has therefore decided to prevent the eviction of these people from their present house-sites or hutments and to confer legal ownership of these house-sites on these agricultural labourers. The utility of this measure would be well appreciated by those who are aware of the privations suffered by the landless agricultural labourers in Thanjavur district. I would like to point out to the Honorable Members that if eviction of agricultural labourers from house-sites near and around their fields is permitted, not only will the cause of agricultural production suffer but the peaceful life of these poor people would also be wrecked beyond repair. To prevent such hardship and to solve the problem faced by these labourers are the principal objectives behind our proposal which would also constitute yet another stage in our idealistic journey towards our cherished goal a house for each family.

40. Yet another illustration of this Government's socialist policy is the fact that between 1967 and 1971, 2,02,246 pattas have been distributed to landless poor for cultivation. The House may remember the announcement made some time ago that lands which in records are described as forests would be assigned for cultivation to the landless poor. I am happy to announce on the floor of this august House that as a first step in implementing this decision, 50,000 acres of such forest lands would be assigned to landless poor. The extent so assigned will vary from 3 to 5 acres depending upon the fertility of the soil.

41. The crash programme for rural employment which has been announced by the Government of India caters to only 15,000 people in Tamil Nadu. This State has not got its legitimate share because the amounts have been distributed on the basis of the number of districts instead of on the basis of population and number of Blocks. While in most northern States, the basis of districts has worked out favourably,

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this basis is not suitable for Tamil Nadu because the districts in this State are much larger. As a result of this, while the allocation for the entire country comprising of 19 States is Rs. 50 crores, the amount assigned to this State is only Rs. 1.6 crores. We are pleading with the Prime Minister to reconsider this and to distribute the amounts on the basis of number of Blocks rather than on the basis of number of districts. In any event, in order that more people may be benefited, we have decided to allocate Rs. 1 crore from State funds so that ten more Blocks may be taken up in each district under this programme. Thus, the scheme would be extended to 20 Blocks in each district and 30,000 persons in all would be given employment in the rural areas of the State.

42. A good Government by definition cannot ignore the need for plans for mitigating the problem of unemployment among the educated. No doubt, educated unemployment is a difficult problem to tackle since many among them have received training in specialised skills and it is not possible to offer them employment in fields other than their specialities. At a cost of Rs. 140 lakhs, Government has drawn up and is implementing an employment programme for providing employment to 2,400 engineers and 6,500 teachers under the Apprentice Teacher Scheme.

43. Yet another measure towards augmentation of employment facilities is the decision to create posts of Grade I constables in the Tamil Nadu Police Force. Two thousand such posts will be created in this new grade. Against these vacancies, one thousand young men who have passed the S.S.L.C. examination would be appointed by direct recruitment; the remaining one thousand would be filled up by promotion from among the eligible departmental candidates. It is only at the level of police constables that there is maximum contact between the public and the police force. It is desirable therefore that educated youngsters are recruited to the Police Force. Suitable training would also have to be imparted to them so that they rush to the aid of the public in times of need with due courtesy and urbanity. These new recruits should get to know the general and special duties of the constabulary and should fulfil them whenever necessity arises. Therefore, these young men who are to be appointed to these new posts would be imparted the same training that is now being extended to the Assistant Sub-Inspectors. These recruits will also be entitled to all the privileges of the regular constabulary. They would also be given special uniforms. These people will be posted to important police stations and to other police offices where their intelligence and ability will be put to optimum use in investigation of crimes and prosecution of cases.

44. I am also happy to announce another important programme. This is a programme for the unemployed among those who have just passed out of Industrial Training Institutes. For 3,000 persons who have passed out of these Institutes but are unemployed, Rs. 1,000 per head would be given as loan under this scheme. This amount would be lent to eligible persons in each district for the purpose of setting up small workshops in villages. This money would have to be returned within a period of two years and would form a revolving fund. The programme will be administered by the District Collectors. The expenditure on this scheme would be met from the Tamil Nadu Special Welfare Fund.

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45. Over and above this the Government has also decided to formulate a new programme to enthuse the graduate youth. A Youth Corps will be formed which will dedicate itself to social service. Two thousand graduates will form a Corps to begin with. These will be selected from among graduates in subjects like education, medicine, agriculture, engineering, science and arts. There will be a leader for each company of 50 young men. The youth corps will primarily be utilised for doing constructive social service in villages. They will be paid an honorarium of Rs. 175 per mensem, which should enable them to meet their out of pocket expenses. They will be distributed all over the State at various taluk headquarters. From the taluk headquarters, they will proceed to various blocks. Besides undertaking social services like adult literacy, improvement of health services, family planning, they will also do publicity to free the people from superstition, untouchability, casteism and other bad practices. Members included in this Corps will also be provided with essential medicine kits so that health of persons in the villages can be looked after. The Youth Corps will also help the agriculturists to undertake new methods of cultivation and bring home to them new techniques and new varieties. Members included in the Corps will serve for a period of one year and will be made eligible for preferential treatment in the matter of recruitment to public services. Besides providing employment for 2,000 persons, it is my hope and belief that this Youth Corps would provide a new social and economic order and bring new life to the educated youth of this State.

46. We see many eke out a miserable living through begging—among them are the unemployed without any means of livelihood and persons shamelessly deserted by their families. The State Government has formulated a beggar Rehabilitation Programme to eradicate this social evil. The State Government is keen on putting a stop to this degraded sub-human living of nearly 60,000 people. As a first step, during this year it has been programmed to open 6 care centres which will offer refuge to 6,000 leprous beggars. They will be given treatment for leprosy and imparted trade training in these 6 care centres. Contributions are pouring in for this noble task from a number of people with a charitable disposition. Even the middle class, lower middle class and the poor are not lagging behind, propelled as they are by humanitarian impulsers. To all those I reiterate my sincere thanks on behalf of Government.

47. Even as today's tender buds bloom into beautiful blossoms tomorrow, the children of to-day are tomorrow's precious custodians of our values. At the outset may I say that family planning in which all three—the state, the father and the mother have to co-operate is an important precondition to a full life for the children of today and tomorrow. It is only then that the children who are born can be properly brought up with due care and attention. While emphasising that births should be limited, we should not forget that the children who are brought forth into the world should be enabled to grow into able-bodied citizens of tomorrow. It is the considered opinion of experts that nutritious food in the first few years of one's life is indispensable for a proper and healthy growth of the brain. It has also been established by researchers that the damage due to malnutrition in the early childhood is irreparable. Therefore, the State Government is implementing, with Central assistance, a phased programme of distributing nutritious food to the younger children. This programme was begun last year in the slum areas in Madras City as also in the tribal areas of Yercaud and Kolli Hills. It will be implemented during the current year, in all the slum areas of Madras

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City and its suburbs and urban centres like Tiruchirappalli, Madurai and Coimbatore and 15 other Municipal Towns with a population of more than one lakh. 1,35,000 children will benefit under this programme, the responsibility for which has been willingly undertaken by a number of social organisations, the Prosperity Brigade besides the Government departments. All efforts will be taken by this Government to extend the coverage under this programme to the poor and needy children all over the State.

48. Truly has it been said that Mother Earth laughs at him who says, I cannot do anything, because there are no resources. It is our duty to find out our resources and our potential. We have constituted a State Planning Commission consisting of eminent experts to draw up a ten-year perspective plan, based on an assessment of the natural resources of the State, so that they can be exploited to the best advantage of the State. The Planning Commission will also take stock of the developments that have already taken place in the various fields as also the further progress that will have to be achieved in future. This new institution, which is totally dedicated to the task of drawing up such a perspective plan, has started functioning on 17th June 1971.

49. The reorganisation of the methods of administration is no less important than the preparation of a massive developmental plan for the future. The State Government, which is so keen on reaching its goals of clean and speedy administration, has appointed an Administrative Reforms Commission to make a study-in-depth of the various lapses of omission and commission that are inbuilt in the present system of administration, which is not well suited to the concept of the modern Welfare State. This Commission, consisting as it does, of seasoned administrators and an experienced non-official will closely scrutinise the various administrative procedures and practices and come up with suitable recommendations to Government for reforming them. This Commission has started functioning with effect from the 10th of this month.

50. The House is aware that the budgeted plan for 1971-72 is of the order of Rs. 106.71 crores. An Annual Plan of this size is inadequate even to achieve over a five-year period a minimal plan of Rs. 575 crores which we have been pressing with the Planning Commission. While pressing for an increase in the size of the State Plan, we would also urge the Central Government not to delay any further the implementation of Central projects like the Sethusamudram Project, the second mine cut at Neyveli, the Tuticorin Refinery, etc., which have already been delayed too long and which are so vital to the economic development of Tamil Nadu. Moreover, steps should also be taken to draw up a comprehensive plan for diversion of west-flowing water from the Western Ghats for the benefit of parched lands of East Ramanathapuram and Tirunelveli. While on the subject of long-term development plans, this Government strongly believes that the modernisation of Cauvery channels should be implemented with the utmost expedition. Further, in order to prevent irreparable loss to the State's economy, I would earnestly plead with the Central Government to refer, without further delay, the Cauvery Water Disputes to a Tribunal. I have no doubt whatsoever that I have the full backing of this House.

51. I have described at length the various programmes and projects which we are including in the Budget as part of our thrust towards a new socialist welfare State. The imbalance in powers to tax and raise resources as between the Centre and the States shows itself in the

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continuing gap in our budget. On the one hand, as years pass, our responsibilities increase. On the other, all elastic sources of taxation and control over means of raising public debt vest with the Centre. The consequence is a large gap between income and expenditure which can be bridged only by a radical restructuring of Centre-State financial relations about which this Government have continually pleaded with the Centre.

52. The present budget shows how woefully short our resources are. As the House will note, our Revised Budget estimates show an excess of expenditure of nearly Rs. 15.87 crores on revenue account over receipts, as compared to Rs. 10.96 crores in the Interim Budget. This deficit on revenue account arises after providing for new schemes with a revenue component of nearly Rs. 6.77 crores and fully reflects the cost of increase of emoluments on account of the Pay Commission's recommendations. A similarly large deficit looms before us in the capital and loan accounts also, increasing the total deficit during 1971-72 by Rs. 36 crores. The outlay on new schemes of the plan and essential non-plan activities is around Rs. 17 crores. Further the Budget Estimates also reflect the additional expenditure of around Rs. 29 crores on the implementation of the basic recommendations of the Second Pay Commission. The opening balance of the year 1971-72 according to the Revised Estimates, 1970-71 was roughly Rs. (—) 23.23 crores. Assuming this to be our likely actual opening balance, the total deficit at the end of the year 1971-72 is expected to be Rs. 59.00 crores.

53. While presenting the Interim Budget before this House, I have dealt at length on the reasons for this. I continue to maintain that the reasons for this difficult financial situation in the State are the unfavourable treatment given to the State by the Finance Commission in its recommendations, the impact of the Pay Commissions' award, decreased Central assistance and the injustice in the distribution of Special accommodation.

54. Reduction in Central assistance from the earlier offer of Rs. 250 crores to Rs. 202 crores accounts for a loss of nearly Rs. 48 crores over the Plan period. Besides these, we had requested the Central Government for special accommodation out of the total of Rs. 800 crores set apart for nine States. The Government of India have so far ignored our legitimate claim for a share in this sum which is in effect an addition to Central assistance.

55. I had also stressed in the speech on the Interim Budget how our repayments to Government of India (Rs. 160 crores) over the Plan period are more than the loans to us from Government of India (Rs. 141 crores). I have written a detailed letter in this regard to the Prime Minister. In brief, our request is that the Government of India should increase the Central assistance to Rs. 250 crores, reschedule our debts due to the Centre, give us a share in special accommodation and last but not least, assist us to implement the recommendations of the Pay Commission. If these requests are conceded, we should get additional resources which should help to bridge the gap before us in this year and the coming years.

56. In the context of the severe constraints in resources, this Government has reviewed its structure of taxation and has taken certain decisions for additional mobilisation. These measures for additional mobilisation are primarily intended as instruments for shaping an egalitarian

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socialist society and are in keeping with Governments' avowed objectives of giving relief to the poor to the extent possible by shifting the burden to the rich and raising resources for the welfare of the people.

57. The first measure concerns the graduated increases in the levy of urban land tax, in keeping with the basic principles of a socialist society. At present, all land holdings in Madras City are subject to the urban land tax at the rate of 0.4 per cent of the market value of the land. Under the revised rates contemplated, urban land holdings in Madras City below one ground will be completely exempted from this levy. I am sure that this progressive socialist measure, which is expected to benefit around 66,000 small urban land holders, will receive the approval of this House. Holdings between one and two grounds will be taxed at 0.5 per cent; on holdings above two grounds and up to 5 grounds, the levy will be 0.7 per cent. Above 5 and up to 10 grounds, the rate will be 0.8 per cent, while for holdings above ten grounds, the tax will be levied at one per cent. The principal objective behind this measure is to prevent the concentration of urban lands in the hands of a select few, and also to encourage optimum utilisation of urban land holdings. This should also be seen as part of our movement for the effective imposition of a ceiling on urban holdings.

58. It has further been decided to take steps to cancel all the exemptions under Urban Land Tax Act obtained by various Trusts, etc. In addition, from the current year, it has been decided to extend the application of the Urban Land Tax Act to Madurai, Tiruchirappalli, Salem and Coimbatore. It is expected that these changes will fetch an additional revenue of Rs. 1 crore per annum.

59. Next in our efforts to improve our resources, is the revision of the rate of multi-point tax levied under the Tamil Nadu General Sales Tax Act from 3 per cent to 3½ per cent. This measure will fetch Rs. 3.8 crores per annum.

60. My next proposal is to levy a ten per cent surcharge on sales tax collected in Madras City. This will bring in Rs. 3 crores of additional revenue in one year. The income from this source will mainly be used for slum clearance and providing for the metropolitan area the necessary infrastructure like roads, water-supply, etc. We have decided to have this surcharge in lieu of the octroi levied in Delhi, Bombay and Calcutta. Government has decided to levy a direct surcharge on sales tax, since octroi is considered as an impediment in the way of free flow of traffic and development of trade.

61. The fourth measure for raising additional resources relates to the contribution to be made by the agricultural sector to the State resources. The House is aware of the waiver of basic land tax on all dry lands and wet lands up to 5 acres. This waiver is in keeping with the principles underlying the socialist society we have set out to build. Yet another reason which led us to this decision of waiver is the fact that the land tax is an inelastic source of revenue. However, it is only fair that those who derive substantial incomes from agriculture, particularly those cultivating commercial crops, should contribute their mite towards the future development of the State. It has been decided to bring about certain changes on this basis in the Agricultural Income-tax Act.

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62. Prevention of the concentration of economic power in the hands of a select few and a wide dispersal of economic strength among the deserving many is one of the basic principles underlying the evolution of a socialist society. Another important aspect is to nationalise the commanding heights of the economy. In pursuance of these goals I am happy to announce that Government has decided to nationalise all passenger transport divisions of transport undertakings having fifty or more bus permits as on 19th June 1971. Likewise, it has also been decided that no bus operator shall be allowed to have more than ten bus route permits at any time. Necessary legislation for these purposes will be introduced in the House at an early date. I am sure that all sections of this House will welcome, without reservation, these socialist measures.

63. The emoluments of the State Government servants have recorded an increase consequent on the acceptance of the basic recommendations of the Second Tamil Nadu Pay Commission by the Government. It has been decided to make provision for enhanced optional contributions to the General Provident Fund by State Government servants. At present, they contribute to their Provident Fund at a minimum rate of six per cent of their total emoluments. Government pays an interest of 4.80 per cent. Government has decided to pay interest at a higher rate of 8 per cent on further contributions up to four more per cent of their basic emoluments, which Government servants may make at their option.

64. The House is aware that the State Government is keenly interested in extending electricity to rural areas with the least possible delay. Towards this end not only is Government giving loans to the Electricity Board, to the extent its resources permit, but is also helping the Electricity Board to avail itself of credit facilities from other institutional agencies. The Electricity Board has decided to raise nearly Rs. 3½ crores by issue of rural debentures. This money will be primarily utilised for expediting rural electrification.

65. As a result of the various mobilisation measures listed above, it is expected that additional resources of the order of Rs. 12 crores would be available to the State during the current year. The deficit is expected to be around Rs. 47 crores.

66. It is common knowledge that the various States of the Indian Union have, one by one, gradually given up the policy of prohibition which is one of the cardinal tenets of the philosophy of Mahatma Gandhi. We have seen how the policy of prohibition has gradually withered away in the Southern States of Mysore, Andhra, Kerala and nearby Pondicherry. Surrounded as it is by "wet" States, Tamil Nadu is increasingly finding it difficult to enforce the prohibition laws. This difficulty is further enhanced by the severe constraints in resources that is looming large ahead of us. This unenviable position has been pointed out to the Government of India on a number of occasions and we have pressed with the Centre that either prohibition should be implemented as a national policy all over the country or in the alternative, that the Tamil Nadu Government should be reimbursed the loss in revenues consequent on the enforcement of prohibition.

67. It is indeed—a pity that prohibition a cause so dear to the heart of late Mahatma Gandhi who sincerely desired that this policy should be enforced all over the country—has been given up by various

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Chief Ministers who were his lieutenants and also by the Central Government which has all along been run by political heirs of the Late Mahatma. Alas! How long can Tamil Nadu survive as a solitary votary of prohibition,—a gem of comphor as it were, surviving unlit in the midst of the flaming tongues of a hoop of fire. If the laws of prohibition are sought to be enforced solely in Tamil Nadu, it becomes almost impossible to maintain the high values of morality, integrity and rectitude—the very values which we seek to hold aloft by implementing prohibition.

68. The consequences of the present policy have been only our grievous loss in revenue, and the creation of an atmosphere in which the successful implementation of the policy itself is in jeopardy. Our prisons are overflowing. Vile diseases have increased—these are the only consequences of our present prohibition laws. We need not be ashamed of honestly admitting that no other good has flown out of this. It is therefore with the deepest regret that, notwithstanding our deep faith in the essential validity of prohibition, I have to announce this Government's decision to suspend, with effect from 30th August 1971, enforcement of prohibition laws in the State till such time as the Central Government comes forward to enforce it as a national policy all over the country.

69. A number of progressive schemes which will facilitate the evolution of a socialist society have found place in this Budget. I list below a few among these :—

(1) The provision for long-term loans for agriculturists has been appreciably stepped up from Rs. 3 crores in 1967-68 to Rs. 21 crores. A provision of Rs. 61.5 crores has been made for short-term loans to agriculturists.

(2) A provision of Rs. 235 lakhs has been made for 9 new irrigation schemes.

(3) Necessary arrangements would have been completed during 1971-72, for bringing electricity to 51,000 villages and hamlets.

(4) In the four year period 1967-71, 2,02,246 pattas have been distributed to the landless poor for cultivation. 50,000 acres of lands registered as forests, but fit for cultivation would be assigned to the landless poor.

(5) From June 1969 to January 1971, 2,30,000 house-sites have so far been assigned. It has been decided to confer legal ownership of the house-sites occupied by agricultural labourers in Thanjavur district.

(6) An amount of Rs. 81.84 crores has been set apart for development of educational facilities* as against Rs. 53.56 crores in 1967-68.

(7) The outlay on medical and public health schemes has been stepped up from Rs. 17.89 crores in 1967-68 to Rs. 33.20 crores in the current year.

(8) 1971-72, Rs. 18.43 lakhs have been set apart for various water-supply schemes.

(9) The outlay on Harijan Welfare schemes has been stepped up from Rs. 470 lakhs in 1967-68 to Rs. 700 lakhs in 1971-72.

(10) For the welfare of backward classes, a provision of Rs. 442 lakhs has been made as against Rs. 161 lakhs in 1967-68.

(11) The boarding and lodging stipends for Harijan students have been increased.

(12) The recommendations of the Backward Classes Commission have been examined and orders passed. The boarding and lodging stipends given to backward class students have been increased.

(13) The reservation for Harijans and Backward Classes in educational institutions and for employment opportunities has been increased from 16 to 18 and 25 to 31 per cent respectively.

(14) Implements will be distributed free of cost to about 1,000 dhobies and barbers.

(15) For eradication and improvement of slums, a Slum Clearance Board has been set up. In 1971-72, the total expenditure will be around Rs. 4 crores.

(16) Under the Special Nutrition Programme, about 1,35,000 children in various towns will be given nutritious food.

(17) A Beggar Rehabilitation Fund has been constituted. A programme has been drawn up to ultimately eradicate beggary. As a first step, leprous beggars will be rehabilitated in 6 care centres.

(18) The Central outlay on the crash programme for rural employment has been stepped up from State funds by about a crore. As a result, over and above the 15,000 persons who will be given employment under the Central programme, an additional 15,000 employment opportunities will be created.

(19) An outlay of Rs. one crore has been earmarked for providing employment to 6,500 unemployed teachers and an outlay of Rs 40 lakhs has been made for providing employment to 2,400 engineers. Over and above this, in the Budget, necessary provision has been made for providing employment to an additional 6,500 teachers.

(20) 50 posts of Assistant surgeons have been created in non-teaching hospitals. In order to solve the unemployment among doctors 100 stipendiary posts have been created over and above.

(21) Employment facilities have been further augmented by the creation of 205 posts of nurses.

(22) To relieve the problem of educated unemployment 2,000 posts of Grade I constables, of which 1,000 will be filled by direct recruitment from among candidates who have passed S.S.L.C. have been created.

(23) A Youth Corps will be created mainly for rendering social services. As a result, 2,000 graduates will be provided with avenues of employment.

(24) 3,000 technically qualified but unemployed youngsters will be given loans at the rate of Rs. 1,000 per head with the objective of creating facilities for self employment.

(25) The urban land tax has been rationalised so that 66,000 small land holders will be exempted from this levy and incidence of tax to bigger land-holders will increase.

(26) The passenger transport wing of the large-sized transport operators has been nationalised.

70. In our society today, for the affluent few life is a perpetual feast; for the remaining many life is a veritable vale of tears. It is this unequal society that we have decided to transform. In this noble task

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of socialist reconstruction, we have necessarily to proceed within the constraints of power that we have, and even here with the concurrence of the Government of India. Our efforts in this direction centred on the poor, the lowly and the middle classes of society, have been widely welcomed, and I am confident, will continue to be welcomed, by the people of Tamil Nadu in general and the Hon. Members of this House in particular. I hope that their support will continue to be forthcoming in the fullest measure for our onward march to the cherished goal. May I conclude with the expression of my heartfelt thanks to the Finance Secretary and other officials of the Government who have assisted me in preparing this Budget.

71. With these words, Sir, I commend the Budget Estimates for 1971-72 for the acceptance of this House.

